



PASCO COUNTY, FLORIDA

Reports Required by OMB Circular A-133 and
Chapter 10.550, *Rules of the Auditor General*, State of Florida

September 30, 2013

PASCO COUNTY, FLORIDA

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Distinguished Members of the Board of County Commissioners
Pasco County, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pasco County, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements which comprise Pasco County, Florida's basic financial statements, and have issued our report thereon dated March 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pasco County, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pasco County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Pasco County, Florida's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pasco County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,



regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pasco County, Florida Response to Findings

Pasco County, Florida's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Pasco County, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pasco County, Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pasco County, Florida's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

March 27, 2014
Certified Public Accountants



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*

Distinguished Members of the
Board of County Commissioners
Pasco County, Florida:

Report on Compliance for Each Major Federal Program and State Project

We have audited Pasco County, Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services', *State Projects Compliance Supplement* that could have a direct and material effect on each of Pasco County, Florida's major federal programs and state projects for the year ended September 30, 2013. Pasco County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pasco County, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550). Those standards, OMB Circular A-133, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Pasco County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Pasco County, Florida's compliance.



Opinion on Each Major Federal Program and State Project

In our opinion, Pasco County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as Finding 2013-002 and 2013-004. Our opinion on each major federal program and state project is not modified with respect to these matters.

Pasco County, Florida's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pasco County, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Pasco County, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pasco County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pasco County, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2013-002, 2013-003, 2013-004, and 2013-005 that we consider to be significant deficiencies.



Pasco County, Florida's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pasco County, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550

We have audited the financial statements of Pasco County, Florida as of and for the year ended September 30, 2013, and have issued our report thereon dated March 27, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

July 21, 2014
Certified Public Accountants

PASCO COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2013

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
U.S. Department of Energy:				
Direct Program:				
ARRA – Energy Efficiency and Conservation Block Grant	81.128	\$ 4,216,900	DE-EE0000794	\$ 20,945
Total U.S. Department of Energy				<u>20,945</u>
U.S. Department of Housing and Urban Development:				
Direct Program:				
CDBG Entitlement Grant Cluster:				
Community Development Block Grant/Entitlement Grant	14.218	2,365,917	B11-UC-12-0009	1,926,320
Neighborhood Stabilization Program NSP 1	14.218	None	Program Income	727,444
Neighborhood Stabilization Program NSP 3	14.218	5,185,778	B11-UN-12-0014	2,916,515
Neighborhood Stabilization Program NSP 3	14.218	None	Program Income	202,600
Community Development Block Grant/Entitlement Grant	14.218	2,425,193	B12-UC-12-0009	239,242
Community Development Block Grant/Entitlement Grant	14.218	None	Program Income	159,591
Officer Friendly	14.218	84,000	B12-UC-12-0009	84,000
Neighborhood Stabilization Program NSP 1	14.218	19,495,805	B08-UN-12-0014	534,969
Total CDBG Entitlement Grant Cluster				<u>6,790,681</u>
Choice Neighborhood	14.892	300,000	FL4H511CNP112	11,603
Passed through Neighborhood Lending Association:				
ARRA – Neighborhood Stabilization Program NSP 2	14.256	29,553,129	B09-CN-FL-0023	5,007,186
Total program				<u>5,007,186</u>
Direct Program:				
Emergency Solutions Grant Program	14.231	180,020	E11-UC-12-0017	50,619
Emergency Solutions Grant Program	14.231	204,882	E12-UC-12-0017	97,013
Total program				<u>147,632</u>
Direct Program:				
Home Investment Partnership Program	14.239	993,719	M11-DC-12-0216	42,494
Home Investment Partnership Program	14.239	1,124,396	M10-DC-12-0216	153,771
Home Investment Partnership Program	14.239	None	Program Income	469,598
Home Investment Partnership Program	14.239	835,246	M12-DC-12-120216	28,074
Total program				<u>693,937</u>
Passed through Florida Office of Attorney General:				
HUD Capital Fund Drug Elimination	14.872	30,000	None	29,531
Total U.S. Department of Housing and Urban Development				<u>12,680,570</u>
Election Assistance Commission:				
Passed through State of Florida DOS Division of Elections:				
Grant Election Activities	90.401	79,259	MOA	56,893
Poll Worker Recruitment and Training	90.401	77,458	MOA	4,398
Total Election Assistance Commission				<u>61,291</u>
U.S. Department of Justice:				
Direct Program:				
State Criminal Alien Assistance Program (SCAAP)	16.606	78,008	2009-AP-BX-0286	12,869
Passed through Florida Office of Attorney General:				
Pasco County Supervised Visitation Project	16.527	399,200	2009-CW-AX-K016	119,700
Victims of Crime Act	16.575	37,008	V12003	33,939
Direct Program:				
Violence Against Women Formula Grants:				
STOP Violence Against Women	16.588	110,480	13-8009-LE	83,567
STOP Enhanced LE Response	16.588	119,004	14-80090LE-EHN	28,157
Total program				<u>111,724</u>
Bulletproof Vest Program	16.607	20,701	FY 2012	20,701
Total program				<u>20,701</u>
COPS Hiring – ARRA	16.710	4,437,552	2009-RJ-WX-0032	298,140
JAG Program Cluster:				
Direct program:				
ARRA – Pasco County Adult Drug Court (Edward Byrne Justice Assistance Grant – JAG)	16.804	594,664	2009-SB-B9-2801	221,003
JAG V & N Gang Suppression (4)	16.738	143,877	2010-DJ-BX-0081	78,563
JAG V & N Gang Suppression (5)	16.738	120,910	2011-DJ-BX-2796	2,528
JAG Rapid Identification (Recovery Funds)	16.738	150,000	2013-ARRC-PASC-1-W7-361	150,000
Passed through Florida Department of Law Enforcement:				
Multi-Jurisdiction Task Force	16.738	160,318	2013-JAGC-PASC-1-D&-173	126,340
Total JAG Program Cluster				<u>578,434</u>
Federal Equitable Sharing	16.922	N/A	None	158,865
Total U.S. Department of Justice				<u>1,334,372</u>
U.S. Department of Transportation:				
Passed through Florida Department of Transportation:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	13,319	ANQ35 FY 09/10 STATE	2,766
Grant MPO Section 5303	20.505	13,552	AQ420 FY 10/11 STATE	12,640
Grant MPO Section 5303	20.505	14,252	AQH03 FY 11/12 STATE	9,009
Grant MPO Section 5303	20.505	14,443	AQT92 FY 12/13 STATE	29
Passed through Pinellas County MPO:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	106,550	ANQ35 FY 09/10 FEDERAL	22,131
Grant MPO Section 5303	20.505	108,418	AQ420 FY 10/11 FEDERAL	101,118
Grant MPO Section 5303	20.505	114,018	AQH03 FY 11/12	72,069
Grant MPO Section 5303	20.505	115,541	AQT92 FY 12/13	231
Total program				<u>219,993</u>
Highway Planning and Construction Cluster:				
Metropolitan Planning Organization	20.205	1,055,793	A5208 12-13	398,862
Foggy Ridge Parkway Sidewalk Project	20.205	36,000	AQ895	4,079
Cypress Knoll Drive Sidewalk Project	20.205	42,000	AQ896	5,387
Villa Entrada Sidewalk Project	20.205	41,000	AQ894	5,512
Floramir Terrace Sidewalk Project (Casswell-US19)	20.205	15,000	AQK47 – FPN: 430360 1 38 01	8,300
CR77/Rowan Sidewalk Project	20.205	57,120	AQP81	3,409
LAP Trouble Creek Road Sidewalk Project AQP82	20.205	96,720	AQP82	15,556
Metropolitan Planning Organization	20.205	589,897	A5208 13-14	31,095
Total Highway Planning and Construction Cluster				<u>472,200</u>

PASCO COUNTY, FLORIDA
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 Year ended September 30, 2013

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Direct Program:				
Federal Transit Cluster:				
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	\$ 961,668	FL90X-477	\$ 26,265
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,136,824	FL90X-654	26,106
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,339,128	FL90X-732	134,846
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,243,375	FL90X-753	1,002,840
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	1,041,815	FL90X-564	52,904
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,363,218	FL90X-695	84,800
ARRA – ZHILLS Small Urban	20.507	3,944,919	FL96X-020	1,081,230
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	225,000	FL90X-780	180,000
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,347,364	FL90X-780	20,316
Total Federal Transit Cluster				2,609,307
Passed through Florida Department of Transportation:				
Highway Safety Cluster:				
DOT Traffic Enforcement	20.600	70,000	PT-13-12-10	43,816
DOT DUI Enforcement	20.601	80,000	K8-13-09-12	37,402
Total Highway Safety Cluster				81,218
Passed through Florida Department of Transportation:				
Formula Grants for Other than Urbanized Areas:				
FTA-FDOT 5311 Capital	20.509	124,100	5311 APV20B	76,318
FTA-FDOT 5311 Capital	20.509	400,000	5311 APV21	1,181
Rural 5311 FY 13 Ops	20.509	387,843	APV20 C	59,583
Total program				137,082
Total U.S. Department of Transportation				3,519,800
Office of Library Services, Institute of Museum and Library Services:				
Direct Program:				
National Foundation on the Arts and the Humanities:				
Pasco County Library Cooperative Web Portal (Get Help Florida)	45.310	24,000	12-LSTA-A-03-B	24,000
Total Office of Library Services				24,000
U.S. Department of Homeland Security:				
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER) (FY 11/12)	97.083	2,292,696	EMW-2011-FH-00566	480,482
Passed through United Way:				
Emergency Food and Shelter Program Cluster:				
FEMA Nutrition Phase XXX	97.024	39,993	FEMA Nutrition Phase XXX	26,941
Total program				26,941
Passed through the Division of Emergency Management:				
Citizens Corps Grant (FY 12/13)	97.042	7,500	13-CC-58-08-61-01-471	7,497
Community Emergency Response Team (CERT) (FY 12/13)	97.042	7,500	13-CI-58-08-61-01-473	7,500
Emergency Management Performance Grant (FY 12/13)	97.042	121,285	13-FG-86-08-61-01-118	121,285
Total program				136,282
Passed through the Department of Community Affairs:				
Homeland Security (FY 09/10)	97.067	84,500	10-DS-39-08-61-01-357	29,034
Community Emergency Response Team (CERT) (FY 10/11)	97.067	10,125	11-CI-A6-08-61-01-476	5,322
Citizens Corps Grant (FY 10/11)	97.067	6,750	11-CC-A6-08-61-01-478	5,789
Homeland Security (FY 10/11)	97.067	75,997	11-DS-9Z-08-61-01-492	58,220
Advanced Cert Academy Grant (FY 12/13)	97.067	34,000	13-CI-46-08-61-01-219	28,170
Citizens Corps Grant (FY 11/12)	97.067	5,850	12-CC-24-08-61-01-467	2,464
Community Emergency Response Team (CERT) (FY 11/12)	97.067	9,600	12-CI-24-08-61-01-480	1,366
Homeland Security (FY 11/12)	97.067	24,000	12-DS-20-08-61-01-498	11,151
Total program				141,516
Total U.S. Department of Homeland Security				785,221
U.S. Department of Health and Human Services:				
Passed through the Department of Elder Affairs:				
Aging Cluster Program:				
Title IIIB Transportation	93.044	207,491	OAA-EA012 PASCO TRANSP FED	64,441
Title IIIB Transportation	93.044	None	OAA-EA012 Project Income	3,000
Title IIIB Transportation	93.044	201,391	OAA-EA013 PASCO TRANSP Fed	135,538
Title IIIB Transportation	93.044	48,406	OAA-EA013 PASCO TRANSP State	48,406
Title IIIB Transportation	93.044	None	OAA-EA013 Project Income	9,000
Elderly Nutrition Title IIIC	93.045	251,648	EA012 Pasco Nutrition C1 – Federal	89,282
Elderly Nutrition Title IIIC	93.045	None	EA012 Pasco Nutrition C1 – Project Income	4,951
Elderly Nutrition Title IIIC	93.045	519,295	EA012 Pasco Nutrition C2 – Federal	146,227
Elderly Nutrition Title IIIC	93.045	None	EA012 Pasco Nutrition C2 – Project Income	946
Elderly Nutrition Title IIIC	93.045	196,317	EA013 Pasco Nutrition C1 Federal	121,868
Elderly Nutrition Title IIIC	93.045	None	EA013 Pasco Nutrition C1 Project Income	14,293
Elderly Nutrition Title IIIC	93.045	497,822	EA013 Pasco Nutrition C2 Federal	363,079
Elderly Nutrition Title IIIC	93.045	None	EA013 Pasco Nutrition C2 Project Income	2,420
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.:				
Nutrition Services Incentive Program	93.053	119,425	EU012 Pasco C1	9,796
Nutrition Services Incentive Program	93.053	None	EU012 Pasco C2	15,638
Nutrition Services Incentive Program	93.053	103,998	EU013 Pasco C1	36,295
Nutrition Services Incentive Program	93.053	None	EU013 Pasco C2	53,224
Total Aging Cluster Program				1,118,404
Passed through Department of Health:				
Department of Health, Substance Abuse and Mental Health Services Admin FY 13	93.243	325,000	1H79T023101-03	305,334
Passed through Department of Children and Families:				
Temporary Assistance for Needy Families	93.558	N/A	Q1293	1,144,400
Social Services Block Grant	93.667	N/A	Q1293	1,090,904
Passed through Florida Department of Revenue:				
Child Support Enforcement	93.563	N/A	N/A	594,584
Passed through Department of Elder Affairs:				
Emergency Home Energy	93.568	112,625	EHEAP EP012-PASCO	96,883
Emergency Home Energy	93.568	114,124	EHEAP EP013-PASCO	82,096
Total program				178,979
Passed through Florida Commission for the Transportation Disadvantaged:				
Medicaid Medical Assistance Program (TRIP)	93.778	2,854,593	BDM90	833,850
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	None	112,900
Total U.S. Department of Health and Human Services				5,379,355
U.S. Department of Environmental Protection:				
Brownfield's Coalition Assessment Grant	66.818	1,000,000	EPA-OSWER-OBLER-10-09	470,481
Total U.S. Department of Environmental Protection				470,481
Total Expenditures of Federal Awards				\$ 24,276,035

PASCO COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2013

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Executive Office of the Governor:				
Emergency Management Projects	31.067	6,454	13-CP-11-08-61-01-215	\$ 2,126
Total Executive Office of the Governor				<u>2,126</u>
Florida Department of Environmental Protection:				
Upper Pithlachscotee River Preserve Improvement	37.017	200,000	A1128 – FRDAP	62,558
H056 – Boyette Reservoir	37.066	284,450	07CS0000019	284,450
Pasco Palms Preserve Mgmt	52.002	358,064	Florida Communities Trust 08-039-FF8	2,334
Upper Pithlachscotee Preserve River Preserve Mgmt	52.002	787,900	Florida Communities Trust 07-089-FF7	6,918
Total Florida Department of Environmental Protection				<u>356,260</u>
Florida Department of State, Division of Library and Information Services:				
PCLC State Aid	45.030	7,015	13-ST-69	7,015
State Aid to Libraries	45.030	147,558	13-ST-69	147,558
Total Florida Department of State, Division of Library and Information Services				<u>154,573</u>
Florida Department of Community Affairs:				
Hazardous Materials Emergency Plan Agreement Planning (FY10/11)	52.023	5,335	11CP-03-08-61-01-238	188
Hazardous Materials Emergency Plan Agreement Planning (FY11/12)	52.023	3,984	12CP-03-08-61-01-210	946
Total program				<u>1,134</u>
State Housing Initiative Partnership	52.901	None	Program Income	760,932
Total Florida Department of Community Affairs				<u>762,066</u>
Florida Department of Transportation:				
Transportation Disadvantaged Trip and Capital TD Operating	55.001	526,858	AQO07	394,789
Transportation Disadvantaged Trip and Capital TD Operating	55.001	657,648	AR207	162,807
Total program				<u>557,596</u>
Transportation Disadvantaged Planning Grant	55.002	26,439	AQO39	19,300
Transportation Disadvantaged Planning Grant	55.002	29,083	AR207	7,852
Total program				<u>27,153</u>
Transit Block Grant	55.010	893,516	AQH61	292,433
Transit Block Grant	55.010	999,182	AQS58	695,549
Total program				<u>987,982</u>
Transit Corridor Program:				
Corridor SR 54	55.013	250,000	AQD95	50,000
Corridor SR 54	55.013	225,000	AGH62	88,078
Corridor SR 54	55.013	225,000	AQS77	90,000
US19 FDOT 408319-1-84-11 FY 13	55.013	192,930	AQS75	115,758
Total program				<u>343,836</u>
SR54/56 (19-301) Toll Feasibility Study	55.023	218,785	FPN: 433958-1-28-01	25,153
Transportation Regional Incentive Program SR 52 ROW (SUNCOAST TO US 41)	55.026	1,000,000	AP197	384
TRIP Ridge Rd (Broad to Moon LK)	55.026	15,228,065	AQO73	1,355,169
Total program				<u>1,355,553</u>
Transportation Infrastructure Program – Little Road at Jaguar Trail Intersection	55.029	280,000	FPN: 430293 1 38/58 01	238,510
Transportation Infrastructure Program – Interlaken Rd Ext from Community Drive to Gunn HWY (CR 587)	55.029	3,470,856	FPN: 430446 1 38/48/58 01	164,960
SR/CR 54, from west of SR 581 to east of CR 577 (CEI)	55.029	3,865,000	APV68-Construction Joint Participation	10
Total program				<u>403,480</u>
Moon Lake Rd @ SE52 (CIGP Agreement for ROW Acquisition)	55.008	1,845,100	AQQ83-FPN: 430383 1 48 01	11,152
DOT Pedestrian Safety Grant	20.600	25,000	BDW66	329
Total Florida Department of Transportation				<u>3,712,233</u>
Florida Department of Health:				
EMS County Award				
Total Florida Department of Health	64.005	56,486	C1051	47,325
Department of Economic Opportunity:				
Economic Development Transportation Trust Fund	40.002	4,000,000	SB12-081	2,443,740
Total Department of Economic Opportunity				<u>2,443,740</u>
Department of Juvenile Justice:				
Juvenile Assessment	80.020	1,322,388	X-1638	222,813
At Risk Youth	80.022	475,176	X-1598	88,490
Total Department of Juvenile Justice				<u>311,303</u>
Total Expenditures of State Awards				<u>\$ 7,789,625</u>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards and state financial assistance.

PASCO COUNTY, FLORIDA

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance

Year ended September 30, 2013

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) includes the federal and state grant activity of Pasco County, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and Chapter 215.97, *Florida Statutes*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Loans Outstanding

Pasco County, Florida had the following loan balances outstanding at September 30, 2013. The current year additions related to the loans are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance as expenditures.

<u>CFDA/CSEA #</u>	<u>Program</u>	<u>Amount</u>
14.218	Community Development Block Grant/Entitlement Grant	\$ 6,118,206
14.256	ARRA – Neighborhood Stabilization Program NSP2	6,289,273
14.239	HOME Investment Partnership Program	13,528,808
52.901	State Housing Initiative Partnership (SHIP) Program	20,971,745
		<u>\$ 46,908,032</u>

(3) Subrecipients

Of the federal and state expenditures presented in the Schedule, Pasco County, Florida provided awards to subrecipients during the year ended September 30, 2013 as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Amount provided to subrecipients</u>
14.218	Community Development Block Grant/Entitlement Grant	\$ 331,630
93.778	Medicaid Medical Assistance Program (TRIP)	833,850

PASCO COUNTY, FLORIDA
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2013

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2013

Identification of Major Federal Programs

Federal programs	CFDA number
U.S. Department of Transportation: Federal Transit Cluster: Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507
ARRA – ZHILLS Small Urban	20.507
U.S. Department of Homeland Security: Direct Program: Staffing for Adequate Fire and Emergency Response (SAFER) (FY 11/12)	97.083
U.S. Department of Housing and Urban Development: Passed through Neighborhood Lending Association: ARRA – Neighborhood Stabilization Program NSP 2	14.256
U.S. Department of Environmental Protection: Brownfield’s Coalition Assessment Grant	66.818
U.S. Department of Justice: COPS Hiring – ARRA	16.710
JAG Program Cluster: ARRA – Pasco County Adult Drug Court (Edward Byrne Justice Assistance Grant – JAG)	16.804
JAG V & N Gang Suppression	16.738
ARRA – JAG Rapid Identification	16.738
Passed through Florida Department of Law Enforcement: Multi-Jurisdiction Task Force	16.738
U.S. Department of Health and Human Services: Passed through Florida Department of Revenue: Child Support Enforcement	93.563

The threshold for distinguishing Type A and Type B programs was \$353,527 for federal programs.

- Auditee qualified as low-risk auditee? Yes

State Projects

Internal control over major projects:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditors’ report issued on compliance for major projects: Unmodified

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? No

Identification of Major State Projects

State projects	CSFA number
Florida Department of Community Affairs: State Housing Initiative Partnership	52.901
Florida Department of Transportation: Transportation Regional Incentive Program SR 52 ROW (SUNCOAST TO US 41)	55.026
TRIP Ridge Rd (Broad to Moon LK)	55.026
Department of Economic Opportunity: Economic Development Transportation Trust Fund	40.002

The threshold for distinguishing Type A and Type B projects was \$300,000 for state projects.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

(2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

Finding 2013-001

Criteria:

Management is responsible for the preparation and fair presentation of financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition:

The Community Development loan tracking database does not track payoff loans receivable or payments on these loans. As a result, Community Development is currently unable to create properly supported roll-forwards and reconciliations to ensure the completeness and accuracy of loans receivable and deferred revenue. Similarly, Community Development is unable to reconcile its' records to the information reported by the third party loan servicer, MFS. Therefore, Community Development is unable to identify any errors that may occur related to the completeness or accuracy of MFS' reports, including the balance of loans receivable, loan delinquency, and other relevant account information.

Context:

Total notes receivable of the Community Development function of the County amounted to approximately \$48,000,000 at September 30, 2013 related to governmental activities.

Effect:

Ineffective design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements may prevent management from identifying a material misstatement, whether due to fraud or error.

Cause:

The County does not have effective reconciliation controls in place to ensure the completeness and accuracy of notes receivable.

Recommendation:

A knowledgeable person should reconcile the general ledger balance of notes receivable to the outstanding loan balances reported by the third-party loan servicer on a consistent basis throughout the year and maintain documentation to support roll-forward balances. Additionally, such reconciliation should be reviewed by someone other than the preparer.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

Management's Response:

Since the County started lending funds in 1993, the Finance Department had requested an annual accounting of all loan balances by fund for the end of the fiscal year. For many years, this information was kept on Lotus and then Excel databases. As the amount of loans grew in the 2000s, it was obvious that a new database was needed, that not only kept information about balances, but also information about different cases. With the assistance of the Information Technology Department, a vendor was selected and a database system was created, named HMS.

The Community Development loan database, HMS, contains information on over 3000 loans. Most Pasco County loans have an interest rate of 0% (some older loans have an interest rate, as do homebuyer loans when the County is the sole lender). There are generally two types of loans – deferred loans and payback loans. Deferred loans do not require monthly payments. Payments are deferred for 3, 5, or 10 years. Because the loan interest rate is at 0%, the deferred loan balances normally do not change. County staff manages these loans.

The County contracted in 1993 with Multi Financial Services (MFS) for the management of payback loans, which currently exceeds 1200 cases. MFS sends our client coupon books, collects payments, sends tax forms for those with interest, and wires a payment monthly to Pasco County.

Regarding the first part of the audit finding, the information from the MFS database was used for the information regarding the payback loan balances. However, we have discovered two issues with using this database information. Loans that are in foreclosure, and loans that have not paid for more than two years, are dropped from the MFS database and are no longer reported. Since we have discovered this issue, we have created two new fields in the HMS database and County Community Development staff will track the balances of these loans.

The second point of the finding, that staff cannot accurately account for MFS' reports, is partially correct. MFS sends to the County information on all payments, by account. The amount of the check is compared to the amount of payments by account that MFS provides every month. If those amounts are not comparable, the Community Development staff notifies MFS and tries to reconcile the issue. An additional verification is the payment history of each client that can be compared to the reports that MFS provides.

However, Pasco County does not get a copy of all checks, wires, money orders and Paypal payments that MFS receives. At the present time, there is no way of verifying that information. However, MFS is audited and is bonded, and we expect reporting if there are any issues.

To try to verify the loan information, Community Development staff are currently evaluating the option of hiring an auditing firm to send all clients a copy of their payment history to see if there are discrepancies in the accounting of their loan. If the client reports discrepancies, that information would be investigated.

The Community Development Division can accurately provide the balance and payment history of each loan. However, the total loan balance has been a harder calculation to compile. The Community Development Division will reassign one of its staff members to work on this matter. In addition, the Division is requesting a new staff person to manage and administer the loan portfolio as part of the FY 14-15 budget. Staff is also in the process of examining new loan software and has started to analyze whether to process loan payments internally instead of using a vendor.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2013

(3) Findings and Questioned Costs Relating to Major Federal Programs

Finding 2013-002 – Reporting

Federal agency:

U.S. Department of Environmental Protection

Federal program:

Brownfield's Coalition Assessment Grant (CFDA #66.818), Contract EPA-OSWER-OBLER-10-09

Criteria:

Pursuant to 40 CFR 31.41(b) and 31.50(b) as referenced in the grant agreement, the Federal Financial Report (FFR) (SF-425/SF-425A) should be submitted annually.

Condition found:

We identified the County did not submit the SF 425 report for the last 2 years.

Questioned costs:

None

Effect:

Not complying with requirements related to reporting could jeopardize the County's future receipt of federal funds.

Cause:

Management does not have controls in place to ensure reporting requirements are met.

Recommendation:

We recommend the County implement controls to ensure compliance with reporting requirements as stated in the grant agreement.

View of responsible officials:

Management prepared the FFR 425 reports for Fiscal Year 2012 and Fiscal Year 2013 and submitted them to the EPA as a result of the audit finding. Management will make sure the contract requirements and instructions for this report are clearly outlined in the County's files to ensure that the 2014 report is submitted as required.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2013

Finding 2013-003 – Activities Allowed or Unallowed and Allowable Costs

Federal agency:

U.S. Department of Homeland Security

Federal program:

Staffing for Adequate Fire and Emergency Response CFDA #97.083

Criteria:

In accordance with the funding restrictions in the grant award, overtime that is not related to costs for overtime fire departments routinely pay as part of the base salary or the firefighters regular salary and contracted shift hours is not eligible for funding. Furthermore, A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition found:

We sampled 2 out of 4 reimbursement requests submitted during the fiscal year 2013 and identified the County requested funding for ineligible overtime and benefit costs in both of the sampled reimbursement requests.

Questioned costs:

We identified \$732 in ineligible costs in the sample selected.

Effect:

Not complying with requirements related to activities allowed or unallowed and allowable costs could jeopardize the County's future receipt of federal funds.

Cause:

Management does not have adequate review controls in place to ensure activities allowed or unallowed and allowable costs requirements are met.

Recommendation:

We recommend the County implement controls to ensure compliance with activities allowed or unallowed and allowable costs requirements as stated in the grant agreement.

View of responsible officials:

Management performed a secondary review of all reimbursement requests submitted during 2013 and identified a total of approximately \$2,300 of errors in the funds requested. The grantor was notified of the

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

error and the discrepancy will be netted against future billings. Management will implement a review process to ensure compliance on all grants with activities allowed and allowable costs requirements.

Finding 2013-004 –Allowable Costs Principles

Federal agency:

U.S. Department of Health and Human Services

Pass through agency:

Florida Department of Revenue

Federal program:

Child Support Enforcement CFDA #93.563

Criteria:

In accordance with OMB Circular A-87 Attachment B(h)(3), where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Condition found:

Of 8 employees working solely in the Child Support department, none had completed the required payroll certifications.

Questioned costs:

None.

Effect:

Not complying with documentation requirements related to allowable costs principles could jeopardize the County's future receipt of federal funds.

Cause:

Management does not have controls in place to ensure required documentation of allowable costs principles are met.

Recommendation:

We recommend the County implement controls to ensure documentation of compliance with allowable costs principles as required by OMB Circular A-87 is maintained.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

View of responsible officials:

Management has implemented controls necessary to comply with the requirements related to allowable costs principles. The time certification forms will be prepared and filed on a semi-annual basis in accordance with OMB Circular A-87.

Finding 2013-005 – Allowable Costs

Federal agency:

U.S. Department of Health and Human Services

Pass through agency:

Florida Department of Revenue

Federal program:

Child Support Enforcement CFDA #93.563

Criteria:

In accordance with OMB Circular A-87 Attachment B (h)(1), charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. Furthermore, A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition found:

Of the three months selected for testing, we identified the personal services program expenditure balances used as the basis to calculate the reimbursement due for the months of October 2012 and September 2013 were overstated. For the October 2012 reimbursement request, personal services expenses for two employees were included for a pay period which was reimbursed in the prior month. For the September 2013 reimbursement request, personal services expenses were overstated because the overtime pay for one employee was duplicated in the calculation.

Questioned costs:

\$4,667

Effect:

Not complying with requirements related to allowable costs could jeopardize the County's future receipt of federal funds.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2013

Cause:

Management review controls were not performed at a level of precision to identify the noted errors.

Recommendation:

We recommend the County implement controls to ensure compliance with the allowable costs principles as prescribed in the OMB Circular A-87.

View of responsible officials:

Management will utilize payroll registers containing more detail than the currently used summary reports and implement a review process to ensure compliance with allowable costs principles.

(4) Findings and Questioned Costs Relating to Major State Projects

None.